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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

May 5, 1999

Mike Glasson, Environmental Coordinator
Andalex Resources, Inc.
6750 Airport Road
P.O. Box 902
Price, Utah 84501

Re: Five-Year Permit Renewal, Wildcat Loadout Facility, Andalex Resources, Inc.,
ACT/007/033-99PR, Folder #3, Carbon County, Utah

Mike

Dear Mr. Glasson:

The permit renewal for the Wildcat Loadout Facility is approved. Enclosed are two (2) copies of the renewed permanent program permit for the Wildcat Loadout Facility to be signed by the designated signatory authority for Andalex Resources, Inc. Please return one signed copy to the Division.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Lowell'.

Lowell P. Braxton
Director

Enclosures

cc: James Fulton, OSM, WRCC
R. Singh, OSM, WRCC
PFO

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FEDERAL

**PERMIT
ACT/007/033**

May 5, 1999

**STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS & MINING
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801**

This permit, ACT/007/033, is issued for the State of Utah by the Utah Division of Oil, Gas and Mining (Division) to:

**Andalex Resources Incorporated
P. O. Box 902
Price, Utah 84501
(801) 637-5385**

for the Wildcat Loadout Facility. Andalex Resources, Inc. is the leasee of Bureau of Land Management Rights of Way (ROW) No. U48027 and U52810. A surety bond is filed with the Division in the amount of \$813,795, payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining, Reclamation and Enforcement (OSMRE). The Division must receive a copy of this permit signed and dated by the permittee.

Sec. 1 STATUTES AND REGULATIONS- This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.

Sec. 2 PERMIT AREA- The permittee is authorized to conduct coal mining and reclamation operations on the following described lands within the permit area at the Wildcat Loadout Facility situated in the State of Utah, Carbon County, and located in:

Salt Lake Base and Meridian, Utah Township 13 South, Range 9 East, Section 33, NW1/4SE1/4, N1/2SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, NW1/4SW1/4SW1/4SE1/4, E1/2SE1/4SW1/4NE1/4 and protions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4NE1/4, W1/2NE1/4SW1/4, W1/2E1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4

This legal description is for the permit area of the Wildcat Loadout Facility. The permittee is authorized to conduct coal mining and reclamation

operations and related surface activities on the foregoing described property subject to the conditions of the Bureau of Land Management rights-of-way and all other applicable conditions, laws and regulations.

Sec. 3 **COMPLIANCE-** The permittee will comply with the terms and conditions of the permit, all applicable performance standards and requirements of the State Program.

Sec. 4 **PERMIT TERM-** This permit expires May 5, 2004.

Sec. 5 **ASSIGNMENT OF PERMIT RIGHTS-** The permit rights may not be transferred, assigned or sold without the prior written approval of the Division Director. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13{e} and R645-303-300.

Sec. 6 **RIGHT OF ENTRY-** The permittee shall allow the authorized representative of the Division, including but not limited to inspectors, and representatives of the Office of Surface Mining Reclamation and Enforcement (OSM), without advance notice or a search warrant, upon presentation of appropriate credentials and without delay to:

- (a) have the rights of entry provided for in 30 CFR 840.12, R645-400-220, 30 CFR 842.13 and R645-400-110;
- (b) be accompanied by private persons for the purpose of conducting an inspection in accordance with R645-400-100 and R645-100-200 when the inspection is in response to an alleged violation reported to the Division by a private person.

Sec. 7 **SCOPE OF OPERATIONS-** The permittee shall conduct coal mining and reclamation operations only on those lands specifically designated as within the permit area on the maps submitted in the approved plan and approved for the term of the permit and which are subject to the performance bond.

Sec. 8 **ENVIRONMENTAL IMPACTS-** The permittee shall take all possible steps to minimize any adverse impact to the environment or public health and safety resulting from noncompliance with any term or condition of the permit, including, but not limited to:

- (a) any accelerated or additional monitoring necessary to determine the nature of noncompliance and the results of the noncompliance;
- (b) immediate implementation of measures necessary to comply; and
- (c) warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

Sec. 9 CONDUCT OF OPERATIONS- The permittee shall conduct it's operations:

- (a) in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
- (b) utilizing methods specified as conditions of the permit by the Division in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.

Sec. 10 DISPOSAL OF POLLUTANTS- The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.

Sec. 11 EXISTING STRUCTURES- As applicable, the permittee will comply with R645-301 and R645-302 for compliance, modification, or abandonment of existing structures.

Sec. 12 RECLAMATION FEE PAYMENTS- The operator shall pay all reclamation fees required by 30 CFR Part 870 for coal produced under the permit, for sale, transfer or use.

Sec. 13 AUTHORIZED AGENT- The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.

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Permit

May 5, 1999

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- Sec. 14 COMPLIANCE WITH OTHER LAWS-** The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq.), and the Clean Air Act (42 USC 7401 et seq.), UCA 26-11-1 et seq., and UCA 26-13-1 et seq.
- Sec. 15 PERMIT RENEWAL-** Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 16 CULTURAL RESOURCES-** If, during the course of coal mining and reclamation operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is (are) not disturbed and shall notify the Division. The Division, after coordination with OSM, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by Division within the time frame specified by Division.
- Sec. 17 APPEALS-** The permittee shall have the right to appeal as provided for under R645-300-200.

The above conditions (Sec. 1-17) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these person to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of the Division and the permittee at any time to adjust or change conditions or to correct an oversight. The Division may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: Louise P. Brainerd

Date: 5/7/99

ACT/007/033

Permit

May 5, 1999

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I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

PERMITTEE

Authorized Representative of
the Permittee

Date

UTAH DIVISION OF OIL, GAS AND MINING
STATE DECISION DOCUMENT
For
PERMIT RENEWAL

Andalex Resources, Inc.
Wildcat Loadout Facility
ACT/007/033
Carbon County, Utah

May 5, 1999

CONTENTS

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- * AVS Recommendation, memo dated May 5, 1999

ADMINISTRATIVE OVERVIEW

Andalex Resources, Inc.
Wildcat Loadout Facility
Five Year Permit Renewal
ACT/007/033
Carbon County, Utah

May 5, 1999

BACKGROUND

The Wildcat Loadout Facility is a coal loading facility located approximately three miles west of U.S. Highway 6 on the Consumers road near the town of Helper in Carbon County, Utah. This loadout initiated operations in April 1985 and Division jurisdiction over this loadout was established by programmatic changes finalized in January 1986.

The permit area comprises approximately 100 acres, of which 12.5 acres are under a right of way agreement between the Utah Railway and the Bureau of Land Management. The remaining acreage (approximately 87.5 acres) is BLM land utilized under Right of Way agreements U-48027 and U-52810.

The facility crushes, screens, and sorts coal hauled from several mines in the Carbon County area.

Andalex Resources, Inc. was issued a permanent program permit for this site on May 5, 1989, which was successively renewed on May 5, 1994.

PERMIT RENEWAL

Andalex Resources, Inc. made application to the Division of Oil Gas and Mining for a five year permit renewal for the Wildcat Loadout Facility on January 29, 1999. This renewal encompasses the same permit area and disturbance as currently approved in the permit.

The renewal application was determined administratively complete on March 4, 1999. Public notice for this permit renewal was published in the Sun Advocate on March 11, 18, 23, and 30, 1999.

ANALYSIS

Requisite information for the permit renewal application was made and all notices were published as required. As result of the publication in the Sun Advocate, one comment was received by the Division of Wildlife Resources about coal fines, but no conference was requested and there was no objection to the renewal. This issue is being handled programmatically through communication between the two agencies in the Department of Natural Resources.

The bond amount was found adequate in 1997 and does not need adjustment at this time.

RECOMMENDATION

Approval for this permit renewal is recommended.

PERMITTING CHRONOLOGY

Andalex Resources, Inc.
Wildcat Loadout Facility
Permit Renewal
ACT/007/033
Carbon County, Utah

May 5, 1999

January 29, 1999

Andalex Resources, Inc. submitted a permit renewal application for the Wildcat Loadout Facility.

March 4, 1999

Determination of Administrative Completeness for this permit renewal application. Permit renewal completeness determination sent to applicable state, federal, and county agencies.

March 11, 18, 23
and 30, 1999

Public notice for permit renewal for the Wildcat Loadout Facility was published in the Sun Advocate. One comment received from DWR, but will be handled programmatically. No conference requested and there was no objection to the renewal.

May 5, 1999

AVS recommendation is "issue". Permit Renewal is issued to Wildcat Loadout Facility.

PERMIT RENEWAL FINDINGS

Andalex Resources, Inc.
Wildcat Loadout Facility
ACT/007/033
Carbon County, Utah

May 5, 1999

1. The permit renewal term will not exceed the original permit term of five years (R645-303-234).
2. The terms and conditions of the existing permit are being met. (R645-303-233.110).
3. The present coal mining and reclamation operations are in compliance with the environmental protection standards of the Act and the Utah State Program (R645-303-233.120).
4. The requested renewal will not substantially jeopardize the operator's continuing ability to comply with the Act and the Utah State Program (R645-303-233.130).
5. The operator has provided evidence of having liability insurance (Federal Insurance Company - 3710-25-94)(R645-303-233.140).
6. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect. (Surety in the amount of \$813, 795 is posted by Continental Casualty Company - Bond Number 400776222) (R645-303-233.150).
7. The operator has submitted all applicable, revised or updated information as required by the Division at this time. (R645-303-233.160).


Permit Supervisor


Permit Supervisor


Associate Director of Mining


Director

The purchase price is payable in full money of the United States of America.
 DATED this 2nd day of March, 1999.

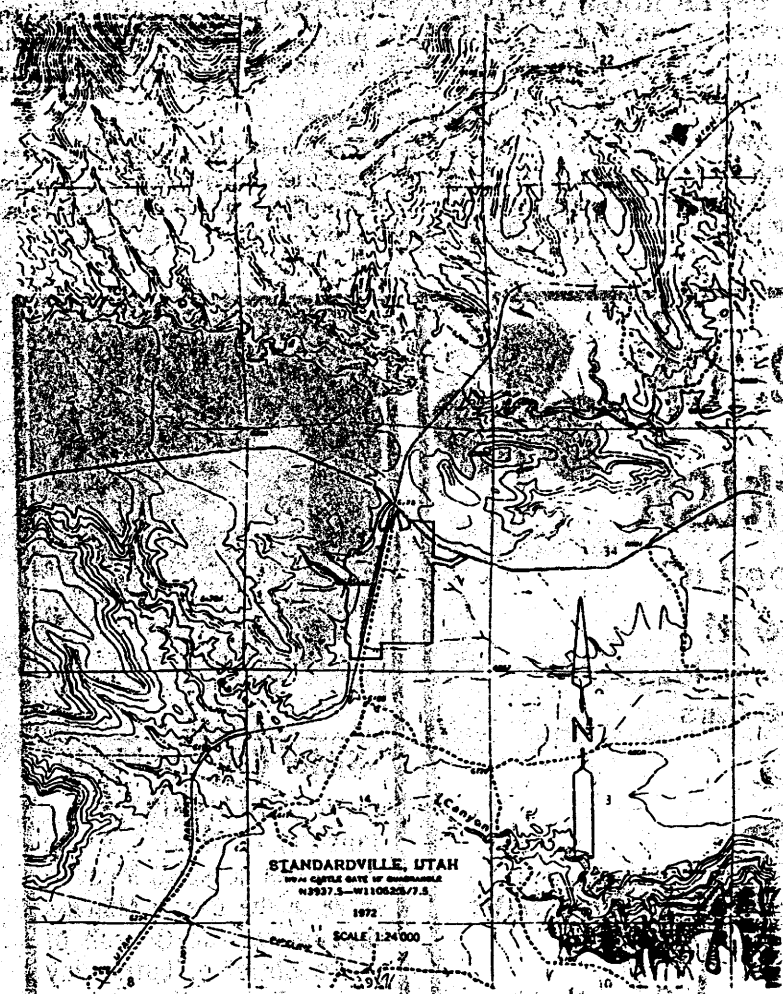
Paul M. Halliday
 Successor Trustee
 376 East 400 South, Suite 300
 Salt Lake City, Utah 84111
 Telephone: (801) 355-2886
 FILE NUMBER 16646
 Published in the Sun Advocate March 4, 11 and 18, 1999.

The Trust Lands Administration will accept competing applications for the appropriate application form(s).
 period of time:
 From 8:00 a.m.
 Friday, March 12, 1999
 Until 5:00 p.m.
 Monday, April 12, 1999

PUBLIC NOTICE
 ANDALEX Resources, Inc., PO Box 902, Price, Utah 84501, has filed an application for a five-year permit renewal (ACT 007/033) for its Wildcat Loadout with the Utah Division of Oil, Gas & Mining. The permit area, as shown on the map below, is located within BLM right-of-way U-48027 on the "Standardville" U.S. Geological Survey 7.5 minute quadrangle map as follows:

Township 13 South, Range 9 East, SLM, Section 33: E1/2SE1/4SW1/4NE1/4, NW1/4SE1/4, N1/2SW1/4SE1/4, NW1/4SW1/4SW1/4SE1/4, E1/2E1/2NE1/4SW1/4, E1/2NE1/4SE1/4SW1/4, NE1/4SE1/4SE1/4SW1/4, and portions of N1/2NW1/4NE1/4SE1/4, NE1/4SW1/4NE1/4, SW1/4SW1/4NE1/4, NW1/4SE1/4SW1/4NE1/4, W1/2NE1/4SW1/4, W1/2E1/2NE1/4SW1/4, W1/2E1/2SE1/4SW1/4.

In addition, there is a parcel of land 500 feet by 500 feet square whose SE corner is 990 feet east of the center of Section 33.



Copies of the application for this permit renewal are available for inspection at:

Carbon County Recorder's Office, County Courthouse, 120 East Main, Price, Utah 84501, or Utah Division of Oil, Gas & Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84180-1203.

Written comments on this renewal application should be addressed to the Director, Utah Division of Oil, Gas and Mining at the above address.

Published in the Sun Advocate March 11, 18, 23 and 30, 1999.

School and Institutional Trust Lands Administration
 675 East 500 South, Suite 500
 Salt Lake City, Utah 84102

Referenced No.: SULA 1030 (Amendment)
 Published in the Sun Advocate March 11, 18 and 25, 1999.

PUBLIC NOTICE
SIGNIFICANT REVISION
UtahAmerican Energy, In
HORSE CANYON MINE

Notice is hereby given that UtahAmerican Energy, Inc. 84501, has submitted a complete application to the State of Utah, for a significant revision to the Horse Canyon Mine Permit. This application will be known as part "B" Lila Canyon Mine and is a significant revision to the Horse Canyon Mine Permit.

A copy of the complete application is available for inspection at the Carbon County Recorder's Office, Carbon County Courthouse, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84180-1203, and at the Carbon County Recorder's Office, Carbon County Courthouse, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84180-1203.

The addition to the permit area is described as follows:

T16S R14E	Section 10	Portions of SE1/4	Section
	Section 11	E1/2	Section
		Portions of W1/2	
	Section 12	All	Section
	Section 13	All	Section
	Section 14	All	Section
	Section 15	Portions of E1/2 SW1/4	
T16S R15E	Section 19	W1/2SW1/4 SE1/4SW1/4 S1/4NE1/4SW1/4	
	Section 30	NW1/4 SW1/4 NE1/4 S1/4NW1/4NE1/4	

The described areas are contained on the following U.S. Geological Survey maps: Cedar, Lila Point.

Written comments, objection or requests for informal review may be submitted by anyone affected by this proposal. Such comments should be submitted within the next thirty (30) days with: State of Utah, Department of Natural Resources and Mining.

Published in the Sun Advocate March 4, 11, 18 and 25, 1999.



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

May 5, 1999

To: File

From: Pamela Grubaugh-Littig, Permit Supervisor *pgl*

Re: 510 (c) Recommendation for Andalex Resources, Inc. Wildcat Loadout Facility, ACT/007/033, Folder #5, Carbon County, Utah

As of this writing of this memo, there are no NOVs or COs which are not corrected or in the process of being corrected for the Wildcat Loadout Facility. There are no finalized civil penalties which are outstanding and overdue in the name of Andalex Resources, Inc. Andalex Resources, Inc. does not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

Attached is an OSM recommendation from the Applicant Violator System with an issue recommendation for the Wildcat Loadout Facility.

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AVS Recom Maint	Applicant Violator System	05-May-1999	13:15:09
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State : UT Permit No : Appl No : ACT007033
Permittee : Seqno : 2
Applicant : 123355(ANDALEX RESOURCES INC / TOWER DIVISION)

SYSTEM : 1
(ISSUE)
Date : 05-May-1999 Mode : VIEW

Reason:

OSMRE : : Date : : Mode : VIEW

Reason:

SRA :
Date : 05-May-1999
Mode : UPDATE

Reason:

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SAVE{F5}      DELETE{F8}
PRV_SCR{F3}   QUIT{F4}  CHOICES{F10}
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Applicant Evaluation Applicant Violator System 04-May-1999 11:33:51

State : UT	Permit No : ACT007033	Appl No : ACT007033
Applicant : 123355(ANDALEX RESOURCES INC / TOWER DIVISION)		Seqno : 1

SYSTEM RECOMMENDATION IS BASED ON ENTITY OFT	
SYSTEM RECOMMENDATION	: ISSUE 05/04/1999
PREVIOUS SYSTEM RECOMMENDATION	: ISSUE 04/29/1999

RCM_MNT(F7) PERMIT/APPL(F8)
PRV_SCR(F3) EV0FT(F5) REPORTS(F9) CHOICES(F10)